

**REMARKS**

Thorough examination of the application is sincerely appreciated.

Claims 1, 3 – 13 and 21 – 27 are pending in the application. Claim 2 is canceled by this amendment. Among other things, independent claims are amended to clarify the patentable subject matter of the invention and advance the prosecution of this case. Entry of the amendment is respectfully requested.

It is believed that claim 21 was erroneously omitted from the Office Action Summary and Page 4, paragraph 6, line 1 of the Final Office Action. Acknowledgement as to its proper status is respectfully requested.

Claims 1 – 13 and 21 – 27 have been rejected under 35 U.S.C. 103 as being unpatentable over U.S. Patent 6,233,684 (Stefik et al). Applicants respectfully traverse the rejections for the following reasons.

According to Stefik, a trusted rendering system controls the distribution and use of digital works. In particular, Stefik is directed to protecting rights of the owner -- not the transferor -- of the digital work with the use of a watermark (emphasis added; see col. 3, lines 30 – 35; col. 5, lines 38–40 of the patent). As clearly illustrated in Figures 7, 10 and 11, the owner information does not change in the watermark and remains the same during several successive transfers.

It is axiomatic that Stefik does not contemplate the transfer of digital works in a peer-to-peer environment and rewarding transferors for subsequent resale or transfer of the work as in the present invention. As pointed out above, Stefik is only concerned with protecting the rights of the owner of the digital works. While not directly related to specific limitations in Applicants' claims, it is believed that this discussion of fundamental distinction between the two inventions, offered for the Examiner's convenience, provides the proper context for appreciating the patentable differences between Stefik and the present invention.

Turning now to specific features in the Applicants' invention, nowhere does Stefik teach or suggest **"each subsequent transfer of the data packet between users includes updating the watermark to include a userID of a transferor"**, as now recited in Applicants' claim 1. It is respectfully submitted that Stefik does not teach or suggest a userID: while, admittedly, owner information is disclosed in the patent, no reference to owner or user ID can be found therein. Furthermore, Stefik fails to disclose updating the watermark with a userID of a transferor. As stated above, Stefik's deficiency is understood in the context of his invention in sharp contrast to Applicants' invention.

The admitted prior art, as alleged in the Final Office Action, is used solely for the proposition of "tracking of marketing components and events." Hence, even if for the sake of argument it is assumed that this proposition is correct, it still does not cure the deficiencies in Stefik as described above. Withdrawal of the rejection is, therefore, respectfully requested.

Claims 3 – 13 depend from independent claim 1 and thus incorporate novel and non-obvious features thereof, in addition to further limitations. Therefore, claims 3 – 13 are patentably distinguishable over the prior art for at least the same reasons as independent claim 1.

Independent claim 21, as amended, contains the feature of claim 1 as discussed above. Hence, for at least the same reasons given for claim 1, claim 21 is believed to be allowable over Stefik.

Claims 22 – 27 depend from independent claim 21 and thus incorporate novel and non-obvious features thereof, in addition to further limitations. Therefore, claims 22 – 27 are patentably distinguishable over the prior art for at least the same reasons as independent claim 21.

In view of the above, it is respectfully submitted that the combination of Stefik and alleged admitted prior art does not render obvious the present invention because the combination fails to

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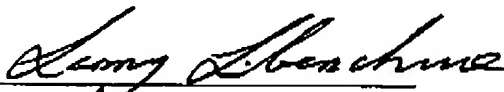
teach or suggest all of the features of the present invention, as discussed hereinabove. Withdrawal of the rejection is, therefore, respectfully requested.

An earnest effort has been made to be fully responsive to the Examiner's correspondence and advance the prosecution of this case. In view of the above amendments and remarks, it is believed that the present application is in condition for allowance, and an early notice thereof is earnestly solicited. However, if for any reason this application is not considered to be in condition for allowance, the Examiner is respectfully requested to call the undersigned attorney at the number listed below prior to issuing a further Action.

Entry of this amendment is respectfully requested. It is believed that this amendment will place the application in condition for allowance and, therefore, entry of the amendment is respectfully requested, per MPEP 706.07(e).

Please charge any additional fees associated with this application to Deposit Account No. 14-1270.

Respectfully submitted,

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